A Research Proposal

On

# MARKET ORIENTATION AND SERVICE QUALITY OF COMMERCIAL BANKS IN PUNJAB

Submitted to

**LOVELY PROFESSIONAL UNIVERSITY**

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**Submitted by:**

Siddharth Sharma

**Supervised by:**

Dr. Rajesh Verma

**FACULTY OF BUSINESS AND APPLIED ARTS**

**LOVELY PROFESSIONAL UNIVERSITY**

**PUNJAB**

# 1. INTRODUCTION

Gigantic changes in the business strategy have altered marketing theory and its application in recent years. For few decades, marketing was focused on issues related to consumers and transaction efficiency. With the integration of different industry related issues and service marketing concepts, the concept of individualized relationship marketing has experienced growing acceptance in different business practice (Payne & Rapp 1999).

With the changing time relationship marketing has gained popularity to a great extent. The activities of relationship marketing have shifted its emphasis from customer acquisition to customer retention. This approach includes all the aspects of direct and indirect customer-company interactions.Market orientation is one of such approach which deals with the needs of the customers.

## 1.1 Market orientation – definition

Market orientation perspectives include the decision-making perspective (Shapiro, 1988), market intelligence perspective (Kohli and Jaworski, 1990), culturally based behavioral perspective (Narver and Slater, 1990), strategic perspective (Ruekert, 1992) and customer orientation perspective (Deshpande et al., 1993).

Kohli and Jaworski (1990) defined market orientation as "the organization-wide generation of market intelligence, dissemination of the intelligence across departments and organization-wide responsiveness to it."According to them, the term market orientation refers to the actual implementation of the marketing concept. They added that "a market orientation appears to provide a unifying focus for the efforts and projects of individuals and departments within the organization."

On the other hand, Narver and Slater (1990) consider market orientation as an organizational culture consisting of three behavioral components which are customer orientation, competitor orientation and inter-functional coordination.

**Market Orientation – measurement scales**

In order to measure market orientation, the two most widely used scales are MKTOR and MARKOR which are discussed as below:

**MKTOR scale**

Narver and Slater (1990) proposed three components of market orientation which are customer orientation, competitor orientation and inter-functional coordination. These components help the organization to understand the needs of its customers and can create superior value to them. Hunt & Morgan (1995) asserted that market oriented firm must need to have its focus on both customers and competitors because both exist in marketplace.

Narver and Slater (1990) developed a 15-item scale named as MKTOR scale. The scale was examined on top managers of 140 SBUs of a single corporation. This scale has been used by number of researches in their studies. Few years later, Narver and Slater (1990) surveyed another 87 strategic business units in manufacturing corporations and identified that there is clear proof that those businesses which are market oriented (customer oriented, competitor oriented, inter-functional coordinated) attain higher relative profitability, sales growth, and new product success but no evidence has been found that the competitive and market environment had any effect on either the strength or nature of this relationship. Three components of market orientation are explained as:

**Customer orientation**

Customer-oriented selling developed from the marketing concept. It has been proposed by Saxe and Weitz (1982) that customer oriented selling is a behavioural concept which explains the extent to which the organization follows to create superior value for its customers. Narver and Slater (1990) described customer orientation as the sufficient understanding of one's target buyers to be able to create superior value for them continuously. It has been found by Kohli and Jaworski (1990) that customer focus is a critical element in determining market orientation.

**Competitor orientation**

It has been identified that to be market oriented organization needs to keep its focus on competitors along with its customer needs. The analysis of competitors' long-term capabilities, strengths and weaknesses is a key factor in determining market orientation and culture (Harrison and Shaw, 2004). In a market driven organization, employees from each and every department contributed in sharing the information of competitors in order to construct competitive advantage.

**Inter-functional coordination**

Company's resources are needed to be utilized co-ordinately in order to create superior value to its customers. It is necessary to integrate all the functions towards customer value. It would lead to successful implementation of marketing concept (Harrison and Shaw, 2004).

**MARKOR scale**

Jaworski & Kohli (1993) proposed three dimensions of market orientation which are intelligence generation, intelligence dissemination and market responsiveness. Kohli and Jaworski (1993) differ from Narver and Slater (1990) with regard to the use of a cultural dimension. Nevertheless the components of market orientation are apparently similar. They argue that the organizational dimension is crucial. They also point out that market orientation is concerned not only with present but also future needs of customers. The MARKOR scale is a 20-item, 5-point Likert scale.

The three components of MARKOR scale are explained as follows:

**Intelligence generation**

The marketer's key strategic tool is information of customers and their dynamic definition of value. Intelligence generation is not only the expression of customer needs but it includes analysis of exogenous factors influencing needs and preferences such as competitive actions, government regulations and technological change (Diamantopoulous and Hart, 1993). The starting point of a market orientation is market intelligence generation which

refers to the collection and assessment of both customer needs and preferences and other environmental forces (Jaworski & Kohli, 1993).

**Intelligence dissemination**

Competitive advantage increasingly lies in firm's ability to use market intelligence (Maltz and Kohli, 1996). Intelligence dissemination refers to the process of exchange of market information within a given organization (Kohli et al., 1993). Effective dissemination of market intelligence is important because it provides a proper knowledge of market to all the departments in the organization and that valuable information is used by organization effectively. They concluded that the lower the degree of individualism, the greater is the market intelligence dissemination.

**Responsiveness to intelligence**

Responsiveness is the action taken in reply to intelligence that generated and disseminated. This can takes the form of selecting target audience, planning and designing products or services. It helps in fulfilling the needs of current and anticipated needs of the customer (Kohli and Jaworski, 1990). Therefore, if the level of uncertainty avoidance would be lower, then market intelligence utilization would be greater (Nakata and Sivakumar, 2001)

## 1.2 Marketing orientation – history

From the 1960s onwards most markets have become saturated because size of the market remains the same which indicates that there would bestrong competition among marketers for customers. Due to this, lots of changes took place in marketing management which has been seen now in a modern marketing department.

Marketers are involved at a strategic level within the organization and therefore inform an organization about what should be produced, where it should be sold, how much should be charged for it and how it should be communicated to consumers. Modern marketers research markets and consumers. They try to understand the current and anticipated consumer needs and assignorganizational resources suitably to fulfill these needs.

Modern marketers are particularly interested in brands. They are also increasingly interested in ensuring that employees understand marketing, i.e. that everyone within the organization involves themselves with marketing activities. And their employees should contribute in fulfilling the goals of organization. So, due to this following changes took place in marketing:

Firstly, marketers startedfocusing on what the organization produced which brings an understanding of markets and of consumers into the organization.

Secondly, marketers started thinking about the concept of 'market' orientation. Now, they are trying to develop relationship between consumer and seller.

Thirdly, earlier the marketer concentrated on production and sales but now they have shifted focus to customers and try to delight them so that long term relation with customer can be maintained.

Finally, marketing has changed rapidly over this century and it continues to change. The sorts of activities that are involved are become more customer oriented. Marketers have become sensitive to changes in society, technology, and the world economy.

### 1.3Market orientation – antecedents and consequences

Research framework proposed by Kirca et al. (2005) depicted the relationships among the antecedents and consequences of market orientation.

**Figure 1: Antecedents and Consequences of Market Orientation**

### 1.3.1 Antecedents of Market orientation

A market orientation will not develop by itself. Krica et al. (2005) identified various antecedent factors to market orientation which are as follows:

**Interdepartmental Connectedness**

Interdepartmental Connectedness is the expansion of formaland informal contacts among employees across various departments. Specifically, an organization thatadopts a customer orientation needs to be more integrated because it would help in meeting customers' demands.

**Interdepartmental Environment**

Interdepartmental environment includes those aspects of firm which tells the working environment. If the working environment is friendlierthen it will create more life-quality at workplace and harmony tothe overall organization.

**Rules for Job Execution**

Rules for job execution are the top management's emphasis on theconditions and roles essential for workers to perform their daily tasks, such as the behavior ofemployees in an autocratic process for attending clients. The degree offormalization regulation, discipline and control at work place generates more focus on the assigned tasks.

### 1.3.2 Consequences of Market Orientation

A market orientation is posited to improve business performance, so, those organizations which are market oriented can better understand the customer needs and try to satisfy them. The main consequences of market orientation are discussed below:

**Commitment**

Kohli and Jaworski (1990) argue that by spreading a sense of pride and camaraderieamong employees, market orientation enhances organizational commitment, employee-team spirit andcustomer orientation. Those employees who are committed towards their work are less likely tobe absent and contribute to attainthe goals of an organization.

**Learning**

Learning is the acquisition, interpretation and dissemination of the organizationalinformation inside firms' culture (Slater & Narver, 1995). Learning is a cultural process accumulatedby the organization and circulated within its firms.

**Customer Orientation**

The market orientation concentrates on customer's needs. Customerorientation includes more quality in products, firm's commitment, positive word-of-mouth, consumersatisfaction, loyalty and retention. Market orientation enhances customer satisfaction and loyalty because firmsare well positioned to anticipate customer needs and offer goods and services to satisfy those needs(Slater & Narver, 1994b).

**Innovation**

Innovation includes firms' innovativeness and ability to create andimplement new ideas, products and processes (Hult & Ketchen, 2001). Market orientation helps in improving andenhancing an organization's innovativeness and new product performance. With the changing time, the needs and preferences of customers change, so, innovation helps the organization to launch or offer such products or services respectively for their customers which may fulfill their current or anticipated needs.

**Performance**

Market orientation helps firms respond to changing customerneeds, so, it is associated with business performance. Firms manage theirrelationship with the environment in order to maximize their performance (Shoham et al., 2005).Resource Based View Theory postulates that differential firm resources give rise to superior strategyand performance (Barney, 1991). Market orientation not only helps firms to improve the resources but also equip the organization with optimize use of available resources.

## 1.4Market orientation – scope

Market orientation is generally regarded as the implementation of the 'marketing concept' but its scope extends to a wide range of activities which puts the customers' needs at the centre of organization. There are several key characteristics of a market orientated organization (Wrenn, 1997) which are following:

1. Customer focus
2. Competitor Orientation
3. It enables an organization with inter-functional coordination
4. Gives long term focus to organization
5. Provides market intelligence system, and
6. Helps in customer satisfaction, customer loyalty & customer retention

## 1.5 Market Orientation – need

Marketersconfronted problems that how they can reach their customers but market orientation has given an opportunity to marketers to attract their potential as well as existing customers. Strategy implementation and performance in organizations are influenced by its market orientation. Market orientation is a collection of employee behaviours that affects strategy implementation, how an organization interacts with its environment and adjusts to changes within that context.

The relationship between market orientation, strategy implementation, and performance is robust across environmental contexts. Market orientation identifies ideal behavioural profiles for organizations seeking to maximize performance by considering the scope and impact of market orientation on strategy implementation. This is accomplished by considering market orientation and strategy profiles in relation to performance in a holistic co-alignment perspective. Market orientation also helps in identifying varying degrees of market turbulence and competitive intensity.

## 1.6 Market orientation - Indian industry

In this era, Customer/Market orientation is used along with different elements of the marketing mix by the organisation. Market orientation consists of intelligence generation, intelligence dissemination and responsiveness. All the three components have their individual importance and help in creating value to customers.

As far as Indian companies are concerned they show a high priority for market intelligence generation. There seems to be specific focus generating intelligence from customers, retailers, suppliers and distributors. So, every department is involved in generating information on competitors and general intelligence for company.

Like intelligence generation same emphasis is given to dissemination of intelligence within the organization.Intelligence dissemination resulted into a perception that market information spreads quickly through all levels in the company.

However, there are comparatively weaknesses in organizational responsiveness due to weak interdepartmental relations. The goals of different departments are different and problem prevails when they come together. Further, there was emphasis on communication through proper channels and discussion of work was discouraged.

In India, the need to deliver superior value to consumers has assumed dominant importance, as local consumers become more demanding day by day.It has been found that they show some key features of market orientation, but fall short on others, notably internal communication and senior management's attitude to risk. The overall outcome is a commitment to intelligence gathering and dissemination, but a comparative lack of responsiveness to the market environment (Aggarwal et. al., 2004).

# 2 LITERATURE REVIEW

Marketing is the process by which companies create value for its customers and maintain long lasting relationship in order to gain value from customers in return. So, market oriented organization has to make its actions to be consistent with the marketing concept. It helps in emerging link between organization and its customers. And it creates customer value as a whole.

Market orientation has been outlined by various researchers. They have discussed the development of concept with respect to performance and its impact on different sectors. Market orientation is positioned as marketing's contribution to business strategy (Hunt et. al., 2000) and is measured as significant strategic orientation (Gatignon & Xuereb, 1997). Researchers emphasized that market orientation and other orientations come at a cost. For this reason, it is crucial to assess the bottom-line consequences of firms' market orientation. Few studies that have provided foundation and have given direction to the present study have been cited in the following sections.

## 2.1 Market orientation basis

Market orientation has been developed from six theoretically different components which are furthermore deduced in two general components. First of these two is customer orientation and second one is competitor orientation. These areimportant factors that are contributing in forming the basis of market orientation in any organization. Empirical evidence revealed that competitor orientation is positively related to firm's market share whereas customer orientation is negatively related to firms return on assets for manufacturing firms in less competitive environments (Sorensen, 2005).

There is strong association between marketing orientation development and company performance. The factors to determine market orientation are company specific which has facilitating effect and market specific which has coercive effect. Firstly, the company's attitude to perceive Marketing Orientation as the company's philosophy isgrounded on the

persistence to analyze and understand the market prior to any actions. Secondly, companybehavior to gather intelligence about the market, disseminate it company-wide and todesign the company's response on the basis of this market-intelligence. Firm's decisions must be dependent on long-term view which enables the firm to take decisions, which enhance its long-term effectiveness. A short-term orientation may guide business behavior into seeking immediate gains at the cost of risking long-term viability. The overriding objective for any business is creation of wealth or profitability. Market orientation is helpful in information generation(Avlonitis& Gounaris, 1999).

**2.2 Market orientation as relationship marketing**

Market orientation has been considered most important aspect for service companies because it gives customer's information. It helps in determining the existing and potential customers (Favalgi, 2006). It focuses on customers and help to maintain the relationship between the sellers and buyers in order to enhance customer satisfaction, customer loyalty to create value for business (Liyun, 2008).

Traditional approach only focused on achieving the sellers' goal but with the changing time the approach has been shifted to customer retention through relationship market orientation. Instead of transaction based exchanges, the study placed emphasis on Relationship Marketing. Growth and development of Relationship Marketing Orientation has gone through number of stages like pre-industrial era when direct marketing was used, industrial era which refers to the period of industrial revolution that gave rise to mass production and mass consumption of goods and services. It was period of Transactional Marketing i.e. post-industrial era which witnessed a change in marketing practices from transaction orientation to relational orientation.Six components of RMO have taken to know the relation between buyers and sellers which are trust, bond, Communication, reciprocity, shared value, empathy. These six components are capable of measuring customer loyalty. Every factor is important in order to explain and predict the relationship between the seller and buyer(Olotu& Liem, 2010).

Now days, organizations are categorized into highly market orientated organizations and less market orientated organizations. It is been discussed that companies who are highly market orientated are likely to adopt customer orientation and customer relationship management whereas less market orientated companies are not likely to use the concept of customer relationship management. Along with market orientation companies use the concept of CRM. Through cross case analysis three types of CRM are identified i.e. facility which means organization which uses facility type of CRM is tending to gain productivity benefits in customer service, analytical which helps in tending to gain productivity benefits in customer retention and cross selling and the last one is infrastructure which gives the benefits in market oriented processes.

**2.3 Market orientationand other approaches**

Service oriented firms can achieve success easily and this concept is followed by organizations for number of years. Today's service markets where managers have to compete for scarce resources, both in the internal market and the external market, a conceptual model is presented which makes the balance between internal market orientation and an external market orientation (Ian, 1999).

Earlier, there was strongest belief in marketing approaches that market orientation contributes to firms' performance more than alternative strategic orientations such as innovation and entrepreneurial orientations. But later on it has been found that those firms that combine market orientation with alternative orientations are likely to perform even better than those firms are following only market orientation(Grinstein, 2005).

Relationship between entrepreneurial orientation, market orientation, innovativeness and firm performance help in measuringthe moderating effect of external environment factors on the market orientation and firm performance relationship. Entrepreneurial orientation and market orientation together influenced the performance of firm. It has been found that entrepreneurial orientation has positive effect on business performance whereas market orientation has negative effect on business performance due to lack of proactive and risk

taking elements in market orientation dimensions but as far as entrepreneurial orientation and market orientation is concerned, they have positive and strong relationship(Hassim, 2011)

### 2.4 Market orientation and service quality

Organizationalculture includes customer care as its key and involving efforts to understand the needs of customers through a market orientation. So, implementation of a market orientation leads to improved service quality for service sector organizations. It enables the organization to provide quality services to their customers in order to satisfy the identified needs of their customers (Chakrabarty, 2007).

Different scales are used to measure market orientation and service quality. Some of these scales are MORTN scale and SERVPERF scale which are used to measure market orientation and service quality respectively. The dimensions of service quality in SERVPERF scale are tangibility, reliability, responsiveness, assurance and empathy (Parasuraman, Zeithaml & Berry, 1998).

So, it is important for every organization to understand the needs of their customers. This can be done with the help of market orientation and then organization can use that information to provide quality service to their customers. By providing quality service, organization can satisfy the customers which enhance its business performance. Many organizations adopt market orientation strategies and improve the quality of services provided by them to their customers. Organizations try to develop long term relation with its customers. These strategies will allow the firm to reduce the defections and improve their performance. However, service quality helps in improving relationship marketing strategies which focused on relationship life cycle. So, by improving the service quality firm can implement market orientation more comfortably (Caruana et. al., 2002).

Voon(2006) developed a service-driven market orientation construct and examine its relationship with service quality. The service-driven market orientation (SERVMO) consists of six components such as customer orientation, competitor orientation, inter-functional

orientation, performance orientation, long-term orientation, employee orientation. These components have significantly strong and positive relationship with service quality. The SERVMO scale is developed using data from the higher education sector but it is yet to be validated in other industries.

### 2.5 Market orientation in different economies

It is clear that development of market orientation and competitiveness becomes a part of organizations in different economies. The competitiveness is measured through the multi-dimensional concept of organizational adaptability. Three main points which clarifies the meaning of competitiveness are adaptability to changes in the business environment, advantages across marketing mix and performance (Akimova, 2000).

One of the major barriers to the development of market orientation in the transitional economy was the manager's belief that market could not survive in the unstable environment.

So, there is need to identify the organizational factors which could promote or obstruct the development of market orientation of organizations. The three most significant predictors of market orientation are management emphasis, centralisation, interdepartmental connectedness (Malik et. al., 2009). These significant predictors facilitate the organisations in designing and implementing more corporate initiative, and lead to improve their organisational effectiveness and competitive advantage. To measure the market orientation, MARKOR scale was employed, as it reflects the specific behaviour and activities related to the market orientation.

Market orientation has also its effect on financial performance. Market orientation helps in getting information about market focus, market planning, market action, market feedback,market coordination. Among these factors organisation should focus on the market action practices if they need to improve their financial performance in the market. Through focusing on market action practise, a company can act promptly in responding towards competitor's price changes in the market (Mokhtar et. al., 2009).

Market orientation is not followed only in developed countries but its adoption and consequences are significantly related in developing countries also. By adopting the market orientation practices organizations had seen their sales are on peak. So, by adopting the concept of market orientation organizations have improved their performance (Zebal &Goodwin, 2011).

Salequzzaman & Stocker (2001) argued that one indicator of an organization's level of market orientation is the attention it devotes to market research because in transition economies, a greater emphasis on market research reflects an organization's recognition of the transformation in economic system. The firms in transition economy are becoming innovative day by day in a market which is characterized by weak demand, growing competition, low-cost, competing imports and escalating operating costs. The economies of emerging countries are expanding and developing both in market and competitive structures.

## 2.6 Market orientation challenges

Market orientation has been extensively discussed the challenges associated with implementing the orientation from both firm and industry perspective. In spite the need for market orientation, the organizations also need to be product driven because external drivers such as increased competition and the adoption of distribution channels which facilitate relationships with end consumers are the main challenges to market orientation (Westberg et.al, 2009).

Implementation of market orientation strategies enabled the organizations to understand the challenges confronted by individual organization. Both internal andexternal environmentbecame an obstacle in implementing the market orientation strategies. To cope with this turbulence companies need to implement market orientation properly so that they can fulfill their needs and achieve their goals with the help of market orientation (Mbah et.al, 2007).

## 2.7 Market orientation and its impact

A business that increases its market orientation will improve its market performance. This proclamation has been issued by both marketing academicians and marketing managers for more than 30 years (Kotler, 1984; Levitt, 1960; Webster, 1988).

In the new era of competition, the vital consideration should be paid towards the synergy of market orientation and performance relationship. Organizations are paying attention towards the winning strategies around which their performances are revolved. These strategies are degree of aggressiveness, defensiveness, futurity pro-activeness, riskiness and innovativeness. Through these strategies organizations would be able to create competitiveness, bring greater profitability, better customer service and raise their growth in the market (Asikhia, 2010).

Along with these strategies, meta-analytic review and assessment of antecedents of market orientation and impact on performance of the organization suggested that market orientation has deep and strong impact on the performance of the firm. Cost based and revenue based performance is measured in manufacturing organizations than in service organizations. This is because there is higher level of customization in service organizations than in manufacturing organizations (Kirca, 2005).

An increase in the environmental uncertainties influenced the market orientation and performance relationship. It acts as moderator in relationship between market orientation and organizational performance in the organization. Those organizations that are following the concept of market orientation they have seen positive impact on their performance irrespective of the degree of environmental uncertainty. (Lonial & Raju, 2001).

From the literature review it can be traced that the importance of market orientation is increasing for organizations due to increasing competition in market. Marketers are trying to attract more and more customers by collecting information about the needs and preferences

of the customers. However, market orientation provides organisation information about its existing and potential customers and also guides the organization how to use that information to fulfil the needs of its customers. Literature review does not provide clear picture of Indian banking sector with respect to market orientation.

So, itis recapitulated through literature review that researches have identified the importance of market orientation. But as far as Indian banking industry is concerned, it is still untouched. Very few studies have tried to find out that how Indian industry is using the concept of market orientation to enhance its performance. So, the impact of implementation of market orientation on the performance of Indian banking sector is also an area to explore.

On the basis of a review of the market orientation literature, it becomes clear that a variety of definitions of the market orientation construct co-exist. Moreover, the literature review discloses that the empirical research exploring market orientation is based on different measures of market orientation, both in terms of the factorial structure as well as the distribution of indicators across the factors.

According to the researches, market orientation is an organizational culture dedicated to delivering superior customer value (Narver & Slater, 1990).A market-oriented culture is involved in providing the best services to their customers and also helps in knowing the current and anticipated needs of their customers. Furthermore, it is investigated that how market orientation is helpful in enhancing and improving the firm performance. Researchers have recognized that there are many customer related variables such as customer satisfaction, customer loyalty, customer retention that help the organization better in comparison with its competitors. And it is also clear that this can be done by implementing the proper market oriented strategies.

Market oriented firms follow specific and defined processes such as generating information about customers through assessing their changing needs, disseminating the same information within the organization and design business strategies to improve and increase customer

value. Market orientation cannot tell about the information about the customers but it can also be helpful in measuring the performance of organization in the market.

Epitomising, it can be said that market orientation is value exchange process. The firms aim to delight the customers and shareholders at the same time. So, it can be deduced that for business to consumer marketing, it creates relationship with the customers whereas for business to business marketing, it creates relationship either short term or long term with the company or brand.

## 3 RESEARCH OBJECTIVES

Market orientation is conceptualized as a multidimensional construct which is determined by the importance given to service quality, internal communications, innovativeness, organisation, interpersonal relationship etc. So, keeping in view the need of studyfollowing objectives have been framed which would help in giving the clear picture of market orientation in banks of Punjab.

- To identify the extent of market orientation in banks.
- To investigate the relationship between market orientation and service quality in banks.
- To investigate the market orientation factors that has dominant impact on service quality.
- To compare the extent of market orientation in Public & Private Banks.
- To compare the extent of market orientation in Rural and Urban banks.

## 4 HYPOTHESIS

To fulfil objectives, following hypotheses are formulatedfor understanding the relationship between market orientation and performance of banks:

**$H_0$1:** There is significant relationship between market orientation and service quality.
**$H_0$2:** There is significant relationship between intelligence generation and service quality.
**$H_0$3:**There is significant relationship between intelligence dissemination and service quality.

**$H_0$4:**There is significant relationship between responsiveness and service quality.

**$H_0$5:**There is significant relationship between the level of market orientation and service quality.

**$H_0$6:** There is no significant difference between the market orientation in public and private banks

# 5 METHODOLOGY

A survey design has been selected to achieve the research objectives. Present study employs a conclusive design comprising descriptive method to investigate the effect of market orientation consisting of three independent variables namely Intelligent Generation, Intelligent Dissemination and Responsiveness on dependent variable of service quality.

The instrument to measure market orientation variable uses MARKOR (Kohli and Jaworski, 1990). On the other hand, service quality variable is measured by using SERVQUAL (Interaction, Empathy and Reliability). The measurement of the two variables uses Likert scale with 1 – 5 intervals.

## 5.1 Survey of secondary sources

In order to get a complete understanding of the concept of market orientation and service quality, secondary data from all possible sources has been taken. Most of the literature has been reviewed through studies done in context of relationship between market orientation and service quality. The secondary data has been useful in understanding the concept of market orientation and service quality and gave significant tactical direction to the present study.

## 5.2 The study population

The present study is focused on top managers and consumers of banking sector. Banking sector has been chosen because of growth of banking sector. The study has been narrowed

down to banks in state of Punjab only. The present study will cover the banks as per their growth rate in the market. This study include measuring of two factors i.e. service quality and market orientation.

For service quality data will be collected from the consumers of banks. Sample size of consumers would be 500. So, 40 respondents will be taken from each bank.

For measuring market orientation, data about the number of banks in districts of Punjab has been collected from the site totalpunjab.com. It has been found that there are total 3984 banks in the state of Punjab out of which 3234 branches are of public banks, 463 branches are of private banks, 8 are foreign banks, 257 are regional rural banks and 22 are local area banks. It can be seen that foreign banks and local banks are very less in number, so, they have been neglected.

**Table 1: No. of Commercial banks in Punjab**

| | |
|---|---|
| Nationalised Banks | 2308 |
| SBI & its associates | 885 |
| Other Public Banks | 41 |
| **Total Public Sector Banks** | **3234** |
| Old Private Banks | 47 |
| New Private Banks | 416 |
| **Total Private Banks** | **463** |
| Foreign Banks | 8 |
| Regional Rural Banks | 257 |
| Local Area Banks | 22 |
| **Total Commercial Banks** | **3984** |

*Source: rbi.org.in (March, 2011)*

From the population of 3984, sample size has been calculated at 90% level with the help of website named customerinsight.com and it comes out to be 150. Banks are chosen on the basis of ranking of all the Indian banks done by financial express. The study is based on a total population of 12 banks out of which 6 are public sector banks and 6 are private sector banks. The ranking of banks is as follows:

**Table 2: Ranking of Public & Private banks**

| Public Sector Banks | Rank | Private Sector Banks | Rank |
|---|---|---|---|
| Bank of Baroda | **1** | HDFC | **1** |
| Canara Bank | **4** | Kotak Mahindra | **2** |
| PNB | **5** | Yes Bank | **3** |
| Indian Overseas | **7** | AXIS | **4** |
| Bank of india | **9** | Indusind | **5** |
| Union Bank | **10** | ICICI | **6** |

*Source: Financial Express (March, 2012)*

### 5.3 Sampling technique and sample size

The Systematic sampling technique will be followed to draw the sample from banks within the state of Punjab. Data will be taken from the mentioned banks ofdifferent district ofPunjab. Data will be collected from top management in order to fulfill the research objectives of present study. Top management includes branch managers, zonal managers, managers etc. The data from this sample will be collected through personal interview and structured questionnaires.

### 5.4 The research instrument

Data will be collected through structured interview and a structured questionnaire having the following subparts:

a) Identification of the level and extent of market orientation used by the bank.

b) Evaluation of relative importance of market orientation practices.

c) Identification of the level and extent of service quality offered by the bank to customers.

d) Identification of methods by which the data of customers has been collected.

### 5.5 Administration of the instrument

The instrument will be administered personally by the researcher, to the respondents after assessing its reliability, validity and pilot testing of the questionnaire. In order to approach the respondents' suitable communication channels would be used depending upon their physical location. Data would be collected through personal and personal e-mails. It is assumed that personal visits shall be used in order to get the reliable and valid data.

### 5.6 Statistical analysis

The collected data will be analyzed with the help of SPSS. Appropriate statistical tools will be applied for interpretation like Confirmatory Factor analysis, Correlation analysis, and regression analysis.Thematic qualitative analysis will be performed for analyzing the in-depth interview.

## 6 Tentative Chapter Scheme

CHAPTER 1: Introduction

CHAPTER 2: Literature review

CHAPTER 3: Objectives of the study & Research methodology

3.1 Objective of Study

3.2 Research Methodology

3.3 Limitations

CHAPTER 4: Marketing Orientation and Business Performance in Indian banking sector

CHAPTER 5: Analysis & Interpretation

5.1 Analysis of the responses of Respondents

CHAPTER 6: Summary, Conclusion & Recommendations

6.1 Summary

6.2 Conclusion

6.3 Recommendations

REFERNCES

APPENDIX

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